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THE TWO-YEAR PLAN OF RECONSTRUCTION AND DEVELOPMENT OF THE
PEACETIME ECONOMY OF SOVIET ZONE GERMANY

V. Pashukhin

According to the 1949 - 1950 plan, by the end of 1950 industrial output will have increased 35 percent over that of 1947 (81 percent of that of 1936), labor productivity will have increased 30 percent, production costs of the nationalized enterprises will be not less than 7 percent lower, and wages will be 15 percent higher.

The amount contributed by the nationalized enterprises to the total production of German enterprises of the Soviet Zone increased from 40 percent in the first quarter of 1948 to 55 percent in the third quarter. The following table shows this increase (in percentages) by individual branches of industry:

of industry:	<u>First Quarter</u>	<u>Third Quarter</u>
Ore mining	99.5	99.7
Metallurgical	53.9	76.0
Machine building	40.8	63.1
Electrical	32.7	65.6
Chemical	35.9	58.0
Textile	31.7	48.2
Cellulose and paper	49.5	59.9

One of the most important tasks of the two-year plan is the development of the coal and metallurgical industry -- the basis of the Soviet Zone's economy. In 1950, steel production must reach 875,000 tons, pig-iron smelting 360,000 tons, and rolled iron 650,000 tons.

The plan specifies a coal output in 1950 of 12 percent above that of 1947. Lignite output will be 123 million tons in 1950, or 16 percent above the output of 1947, and 21 percent above that of 1936. Production of lignite in lignettes must reach 32 million tons in 1950, 21 percent above 1947 and 28 percent above 1936 output.

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The zone needs a strong power industry for the coal and metallurgical industry. In 1950, electric-power output must reach 15,500,000 kilowatt-hours, which is 25 percent above that of 1947.

Production of more than half again as much as in 1947 is specified for 1950 in the machine-building and metalworking industries. The output of locomotives, automobiles, freight cars, and agricultural machinery is being increased.

The 1950 output of the chemical industry must be 46 percent above that of 1947. Production of artificial fertilizers, chemical plant sprays, dusts, and fumigants, tanning agents, and lubricating oils, items of which there is a lack in the zone, will be increased. Production of nitrogen fertilizers will be raised to 180,000 tons per year, and of phosphate fertilizers to 56,000 tons.

The 1950 plan specifies an output of construction materials 49 percent above that of 1947. Special attention is being given to output of cement, lime, window glass, asphaltic roofing paper, and refractory materials.

In the textile industry, production of yarn will be increased to 120,000 tons, 60 percent above 1947, and production of fabrics will be increased 70 percent over 1947.

The two-year plan also specifies reconstruction and further development of transport. Production of new freight and passenger cars will be expanded in 1950, and the total pool will be increased to 80,000 cars. Average daily shipping must amount to 20,000 cars in 1950.

In other industries, 1950 production is to show the following increases above 1947: fuel and lubricating oils 29 percent, electrical equipment 50 percent, synthetic fibers 39 percent, rayon 41 percent, and shoes 60 percent.

The 1948 industrial plan of the Soviet Zone was successfully met. The principal branches of industry exceeded the yearly plan.

As a result of the Activist movement and the placing of 35 percent of the total number of workers on piece-rate pay, the output per worker in 1948 was 15 percent above that of 1947.

The January 1949 plan for pig-iron smelting was fulfilled 105 percent, steel 103 percent, and copper and copper alloys 120 percent. The coal, power, chemical, and light industries, and other branches of industry and transport, exceeded the monthly plan.

New Martin furnaces and modernized rolling installations will be put into operation in 1949 at the 'Maximilian-Buette' Plant in Thuringen and in Sachsen (Riesa). Several rolling mills will go into operation at the Henningsdorf plant in Brandenburg. The plan specifies reconstruction of several lignite mines and construction of new ones, and increased production in the machine-building plants.

In agriculture, the plan specifies extension of the acreage under crops, increased yields, and increased numbers of livestock. Manufacture of tractors for agriculture will be started in 1949.

At present, nationalized agricultural enterprises, which already yields approximately 10 percent of all the agricultural production, are being established in the zone.

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The 1948 agricultural plan was completely realized. The acreage under crops reached 94.8 percent of the 1938 level, and the quality of cultivation was improved. The specified deliveries of produce were made during the period, and the numbers of livestock and poultry were increased.

The following data characterizes the agricultural development:

Acreage Under Crops
(in thousands of
hectares)

	1946	1947	1948
Grain	2,732	2,732	2,719
Leguminous plants	55	85	91
Oilseeds	106	145	122
Sugar beets	207	209	214
Potatoes	769	764	809

Yield
(in centners per hectare)

	1946	1947	1948
Grain	13.2	13.2	16.0
Leguminous plants	9.9	9.3	10.2
Oilseeds	5.5	4.6	8.2
Sugar beets	198.0	154.0	229.7
Potatoes	120.0	109.0	154.0

Harvest
(in thousands of tons)

	1946	1947	1948
Grain	3,593	3,525	4,114
Leguminous plants	54	78	92
Oilseeds	58	67	92
Sugar beets	4,109	3,172	4,379
Potatoes	9,239	8,365	11,824

In 1950, the acreage under crops will amount to 97.4 percent of the 1938 acreage. The 1950 yield of grain and leguminous crops must be 23 percent above that of 1947, oilseeds 36 percent, sugar beets, 49 percent, and potatoes 33 percent. The 1950 plan specifies increased numbers of livestock: 11 percent more horses, 25 percent more cattle, 66 percent more pigs, and 60 percent more sheep.

Investments of 2 billion marks are specified for 1948 - 1950 in industry, agriculture, transport, and the public economy. In the last 6 months of 1948, profits exceeded expenditures by 221 million marks in the zone's agricultural budgets.

At present, the zone maintains trade relations with 32 countries. It has bilateral trade agreements with 14 of these countries. In 1949, Soviet Zone exports will be double those of 1948.

Seventy-five percent of the zone's imports are industrial raw materials, and 75 percent of its exports are finished industrial goods.

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The following data shows the proportions of the most important types of raw materials in the zone's total imports (in percentages):

	1947	1948	1949
Coal	40	22	17
Iron and steel	40	26	23
Nonferrous metals	--	10	10
Chemical raw materials	4	8	12
Textile raw materials	3	8	10
Foodstuffs and feed	5	20	21

The output of the machine-building and metalworking industries must constitute the major part of the zone's exports in 1949 - 1950. Textile machinery, equipment for the food industries, agricultural machinery, and metalworking products will make up 30 percent of the exports. Electrical products, optical equipment, and output of the chemical and paper industries will make up 25 percent of the exports, textile goods 10 percent, metal products, glass, earthenware, musical instruments, and toys 10 percent, and potash, salt, timber, and scrap metal 25 percent.

In 1948, more than 80 percent of the zone's foreign trade was carried on with the USSR, Poland, and Czechoslovakia. The USSR, which is in first place, sends metals, grain, fats, tractors, and other needed materials to the zone. In second place is Poland, whose trade with the zone this year will exceed its prewar volume of trade with all of Germany. Czechoslovakia follows in third place. Zonal trade relations are being initiated with Rumania and Bulgaria. Trade and payment agreements with these two countries will be concluded in 1949.

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